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CALIFORNIA COMMISSION ON AGING
REPORT ON REVIEW OF OPERATIONS

DECEMBER 1973

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December 18, 1973

The Honorable President of the Senate
The Honorable Speaker of the Assembly
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members:

Transmitted herewith is the Auditor General's report on the Commission on Aging. The Commission is responsible for the administration of the Older American's Act in California. It has the responsibility for administration of more than \$12 million that the federal government has made available to California for the provision of certain specified services to California's low income elderly.

The report points out that the Commission is understaffed to accomplish its aims because of a diversion of staff. Twenty-two of the forty-seven persons employed by the California Commission on Aging have been diverted by the Health and Welfare Agency to assignments unrelated to the work of the Commission. This occurred despite the fact that programs for the aged have not been administered in a timely manner. Three examples of this follow.

The Commission has not expended its available federal funds to feed the low income elderly in a timely manner, thereby resulting in elderly persons being served over 2,000 daily meals less than prescribed by federal guidelines.

The Commission did not designate Area Agencies responsible for expending money for services for low income elderly in a timely manner. This could result in inappropriate expenditures, untimely services to the elderly, and loss of up to \$2.4 million in federal funds.

The Honorable Members of the Legislature
of California
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The Commission has not yet taken action to secure a public information grant of \$405,000. Nonacceptance of this grant will deprive 150,000 elderly persons of pertinent social security insurance benefit information.

In order to assist in carrying out improved services for the elderly, the following steps are recommended:

- The Health and Welfare Agency immediately should stop diverting the Commission's staff to other work. Also, to prevent further diversions by the Health and Welfare Agency, legislation should be introduced to remove the Commission on Aging from the administrative control of the Secretary of the Health and Welfare Agency.
- The Commission should accept a \$405,000 public information grant prior to the December 31 deadline and use it for its intended purpose.

Respectfully submitted,

Vincent Thomas
VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

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SUMMARY OF FINDINGS AND RECOMMENDATIONS

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FINDINGS

UNDERSTAFFING AND DIVERSION OF STAFF

Twenty-two of the forty-seven persons employed by the already understaffed California Commission on Aging have been diverted by the Health and Welfare Agency to assignments unrelated to the work of the commission despite the fact that aging matters have not been administered in a timely manner.

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EXPENDITURES OF FEDERAL FUNDS FOR FOOD PROGRAMS DELAYED

The commission has not expended its available federal funds to feed the low income elderly in a timely manner thereby resulting in elderly persons being served over 2,000 daily meals less than prescribed by federal guidelines.

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THE COMMISSION DID NOT DESIGNATE AREA AGENCIES IN A TIMELY MANNER

The commission did not designate Area Agencies responsible for expending money for services for low income elderly, in a timely manner. This could result in inappropriate expenditures, untimely services to the elderly and loss of up to \$2.4 million in federal funds.

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PUBLIC INFORMATION GRANT DECLINED

The commission has not yet taken action to secure a public information grant of \$405,000. Non-acceptance of this grant will deprive 150,000 elderly persons of pertinent social security insurance benefit information.

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RECOMMENDATIONS

1. We recommend that the Health and Welfare Agency immediately stop diverting the commission's staff to other work and that to assist in preventing future diversions, legislation be introduced to remove the Commission on Aging from the administrative control of the Secretary of the Health and Welfare Agency.

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2. We recommend that the commission accept a \$405,000 public information grant prior to the December 31 deadline and use it for its intended purpose.

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INTRODUCTION

In response to a legislative request, we have made a follow-up review of the operations of the California Commission on Aging. Our first report released on October 24, 1973 defined the work of the commission in some detail and provided background on their efforts to administer programs for the aged provided for under Title III of the Older Americans Act of 1965, as amended. (42 USCA 3021 et seq.).

The primary responsibilities of the commission involve the administration of \$3.2 million of federal funds made available under Title III on July 1, 1973 for the development, delivery and coordination of services to low income elderly, and the administration of \$8.4 million of federal funds made available under Title VII at the same time to provide meals for low income elderly.

In our first report we noted that because the commission did not complete the preliminary steps necessary for orderly and efficient administration in 1972-73, they may not be able to meet the obligations imposed upon them by a four-fold increase in appropriations. We also noted that the new management seemed to be aware of their responsibilities and were desirous to make up for past deficiencies created in large part by serious understaffing of the commission.

Fieldwork for the first report was completed in early September 1973. Based on our follow-up fieldwork investigations in October and November 1973, we conclude that serious deficiencies still exist in the Commission on Aging programs.

Under the 1973-74 Budget Act, funds for the Office of Special Services were eliminated. However, the commission remains responsible to the Secretary of the Health and Welfare Agency. Effective January 1, 1974, AB 2263 transfers the administrative functions of the commission to a newly established Office of Aging to be located in the Health and Welfare Agency. Under the same act, the commission will be expanded from 12 members to 15 members and will be made the advisory board of the Office of Aging.

Federal grants to states to provide meals and services such as transportation under the provisions of the Older Americans Act are made available in two ways. First, annual congressional appropriations are distributed to each state on the basis of a formula which considers various factors, the primary one being the number of elderly persons living in each state. Second, grant monies not spent in one state are reallocated to those states that have exhausted their original allocation of funds.

The federal government provides for both the voluntary and mandatory relinquishment of unexpended funds. Mandatory relinquishment is achieved by establishing completion dates by which funds must be obligated or else automatically forfeited.

Federal funds available to the California Commission on Aging under the basic allocation formula in fiscal year 1973-74 are as follows:

	Period			<u>Total</u>
	Six Months July 1 - Dec. 31 <u>1973</u>	Six Months Jan. 1 - June 30 <u>1974</u>		
Title III				
Planning and Services	\$ 3,258,955	\$ 4,780,795		\$ 8,039,750
Title VII				
Nutrition	8,454,413	8,454,413		16,908,826
Administration	<u>621,074</u>	<u>788,005</u>		<u>1,409,079</u>
Totals	<u>\$12,334,442</u>	<u>\$14,023,213</u>		<u>\$26,357,655</u>

FINDINGS

UNDERSTAFFING AND DIVERSION OF STAFF

Twenty-two of the forty-seven persons employed by the already understaffed California Commission on Aging have been diverted by the Health and Welfare Agency to assignments unrelated to the work of the commission despite the fact that aging matters have not been administered in a timely manner.

The California Commission on Aging has an authorized staff of 83. As of the end of October 1973, only 47 of these positions had been filled. Of these 47 positions, only 25 were actually engaged in the commission's work. The remaining 22 had been diverted to various assignments in the Health and Welfare Agency.

Sixteen of the 22 employees working on other than aging matters were assigned to work on "Strike Force" an administratively established public information activity located within the Office of the Secretary of the Health and Welfare Agency. The purpose of the "Strike Force" is to arrange for service groups to distribute informational material about alcoholism, drug abuse, dental disease and venereal disease to households in their respective communities. We estimate that, overall, only about 200 employees of the Health and Welfare Agency have been reassigned to "Strike Force" activities which is less than half of one percent of the 45,000 overall staff of the agency. In contrast, the 16 employees on the commission payroll but reassigned to "Strike Force" represent approximately 34 percent of the filled positions of the commission.

Of the six employees reassigned from the commission staff to assignments other than "Strike Force", three were assigned to the Department of Human Resources Development, one was working on the Alcoholism and Drug Abuse Program in the Health and Welfare Agency, one was assigned to an HRI task force in the Health and Welfare Agency and one was the accounting officer for the Health and Welfare Agency.

Five of these six employees were among eight, originally located in the Health and Welfare Agency's Office of Special Services (OSS) but paid out of commission funds. When OSS was abolished, after the Legislature refused to fund it in the 1973-74 Budget Act, these five employees, instead of being reassigned to the commission, were assigned to other functions in the Health and Welfare Agency and continued to be paid out of commission funds.

The practice of understaffing and diverting employees from the commission's staff by the Health and Welfare Agency is not new, as illustrated in the table below which shows the staffing levels of the commission at selected dates.

<u>Date</u>	<u>Authorized Positions</u>	<u>Filled Positions</u>	<u>Diverted Employees</u>	<u>Positions Devoted To Work Of Commission</u>
Sept. 1972	54.3	10	0	10
April 1973	54.3	23	8	15
Oct. 1973	83.4	47	22	25

We have found that the 25 employees currently working on commission matters have not completed the commission's work on a timely basis.

In a letter to the Executive Director of the commission dated September 27, 1972, the San Francisco Regional Office of HEW noted this staffing problem and wrote:

"There is still an urgency for additional staffing to provide adequate administration. I do not see how it will be possible to avoid issues of compliance or recommendations to withhold funds, unless there is immediate attention from your agency to this factor."

(Emphasis added.)

In a letter to the commission dated February 22, 1973, HEW officials stated that the practice of reassigning employees is "...a clear violation of Federal requirements". (Emphasis added.)

In our discussions with federal officials during November and December 1973, they again expressed their concerns about the staffing practices of the commission, and the effect of understaffing on the commission's programs. They pointed out that even though the staff had increased slightly from 1972, the budget of the commission had increased four-fold, and the programs had become much more complicated since that time. They also advised us that, on November 23, 1973, the Executive Director of the commission had relinquished a California claim on \$300,000 of federally appropriated administrative funds so that it could be redistributed to other states. These funds were relinquished because the commission had filled only 47 of its 83 federally funded positions.

In response to our inquiries as to why staff members on the Commission on Aging payroll were reassigned in October 1973 the Deputy Assistant

Secretary, Planning, Health and Welfare Agency, stated that employees assigned to the "Strike Force" would gain valuable experience in the coordination of community resources which would be useful in their work for the commission.

In our judgment, while "Strike Force" and other non-commission matters to which commission staff has been reassigned may be worthwhile projects and while valuable experience might be gained from working on such projects, such reassignments are inappropriate in view of the remaining staff's inability to accomplish its work in a timely manner. The continuing diversion of the Commission on Aging staff to other Health and Welfare Agency assignments has been a primary reason for the serious deficiencies that exist in the administration of their programs. Understaffing and diversion of staff has continued over a sustained period of time in spite of continued objections to the practice.

RECOMMENDATION

We recommend that the Health and Welfare Agency immediately stop diverting the commission's staff to other work and that to assist in preventing future diversions, legislation be introduced to remove the Commission on Aging from the administrative control of the Secretary of the Health and Welfare Agency.

EXPENDITURES OF FEDERAL FUNDS FOR FOOD PROGRAMS DELAYED

The commission has not expended its available federal funds to feed the low income elderly in a timely manner thereby resulting in elderly persons being served over 2000 daily meals less than prescribed by federal guidelines.

Effective July 1, 1973, \$8.5 million of federal funds were made available to the Commission on Aging for the purpose of contracting with local groups to provide meals to low income elderly. These funds are available for contracts approved by the commission during the six months ending December 31, 1973. Funds not obligated by the commission at the end of the six months revert to the federal government for redistribution to other states. A second \$8.5 million grant is potentially available from the federal government for contracts signed during the six months beginning January 1, 1974.

Delay in Arranging for Meals

As of November 30, 1973, five months into the first six-month grant, the commission had firm budgeted plans for only \$5 million or approximately 60 percent of the \$8.5 million in available grant funds. In fact, only \$4 million of the \$5 million had been correctly budgeted,

This over-budgeted \$1 million occurred because budgets for the 27 nutrition projects approved as of November 30, 1973 had been based on the improbable assumption that the projects would begin serving the maximum number of meals from the first day of operation.

Of the 27 meal provision projects approved, 13 were to serve a total of 265,000 meals before November 30, 1973. Only one of these 13 projects had reached its designated capacity by November 30, and only a total of 65,000 meals had actually been served.

Federal Administrative Guidelines Not Met

Department of Health, Education and Welfare administrative guidelines for the nutrition program stipulated minimum levels of performance in terms of numbers of meals to be served at various times. As shown by the schedule below, commission projects were serving only 1,860 meals per day at November 30, 1973, which was 48 percent of the minimum level set by the federal administrative guidelines.

Daily Meals Served
By Commission on Aging Projects

	<u>Sept. 30</u>	<u>Nov. 30</u>	<u>Jan. 31</u>	<u>Mar. 31</u>
Goals Set by HEW	1,300	3,880	8,390	16,170
Actual Meals Served	<u>100</u>	<u>1,860</u>		
Daily Meals Not Served	<u>1,200</u>	<u>2,020</u>		

Therefore, as of November 30, 1973, elderly persons are being served 2,020 daily meals less than that prescribed by federal guidelines.

Meals Delayed for Other Reasons

- Some projects had their proposals prepared before July 1, 1973 in anticipation of the release of federal funds on that date. The commission, however, delayed the approval process at least three

months because they did not make available the application forms needed for formal filing of the proposals until September 28, 1973.

- The absence of published criteria of project acceptability has delayed the approval of some projects and caused others to be cut back. For example, one project developed a proposal for serving 1,300 meals per day to the elderly. They did this with the aid of a commission representative. The budget was finally approved at a commission meeting on November 29, 1973, however the approval was given for one-half of the requested amount. The reason given by the commission for the cutback was that only 700 meals per day had been allocated to that area. The commission chairman admitted at the meeting the absence of any hard data on which to base the decision to cut the project in half, but indicated an intuitive feeling on the subject.
- Finally the commission has delayed the actual disbursing of funds to approved projects. Funds are expected to be given to these already approved projects sometime in December. As a result of not receiving funds, some projects are faced with the prospect of closing down before even serving a meal. The staff of some projects is working without pay pending receipt of funds from the commission. Other projects are holding down on the number of meals served until the transfer of funds is made. In explaining the reason for the delay to us, the commission's staff stated that it was due to complex paperwork.

THE COMMISSION DID NOT DESIGNATE AREA
AGENCIES IN A TIMELY MANNER

The commission did not designate Area Agencies responsible for expending money for services for low income elderly, in a timely manner. This could result in inappropriate expenditures, untimely services to the elderly and loss of up to \$2.4 million in federal funds.

On July 1, 1973, the federal government made available \$3.2 million to the Commission on Aging for planning and services. At this date, the commission received proposed federal regulations for the use of these funds. All states received telegraphed instructions directing them to treat the proposed regulations as final.

The federal regulations concerning these funds, required the commission to immediately designate certain geographic areas within the state as Priority Planning and Service Areas. These areas should include at least 60 percent of California's population over 60 years old who live in concentrated low income and minority areas. The commission was then directed to select an organization within each designated Priority Planning and Services Area to serve as the Area Agency on Aging.

Once the Area Agencies are named, \$700,000 can be distributed to them for Area Agency administration. The remaining \$2.4 million for comprehensive services to the elderly can not be obligated until the Area Agencies prepare detailed and approved spending plans. Such plans, pursuant to federal regulations, must be completed by December 31, 1973.

It was not until October 30, 1973 that the commission selected six Priority Planning and Service Areas within the state. The commission designated five of the six Area Agencies on Aging, four on November 15 and one on November 29. The last agency has not yet been named. Therefore, these Area Agencies have from less than three weeks to six weeks to prepare and have the commission approve their detailed spending plans. None of the \$2.4 million can be obligated until the commission approves the plans of the Area Agencies. Any funds not obligated by December 31, 1973 will revert to the federal government for distribution to other states.

The commission did not designate the Area Agencies on a timely basis. This could result in inappropriate spending plans, untimely services to the elderly, and a loss of up to \$2.4 million in federal funds. The delay in designation, in our judgment, results from the previously reported understaffing and reassignment of staff problem.

PUBLIC INFORMATION GRANT DECLINED

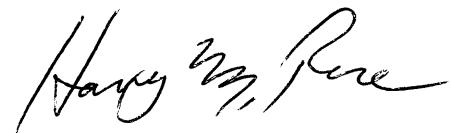
The commission has not yet taken action to secure a public information grant of \$405,000. Non-acceptance of this grant will deprive 150,000 elderly persons of pertinent social security insurance benefit information.

Federal officials of HEW advised us that the Commission on Aging as of December 5, 1973 had not only refrained from taking action, but also had indicated they were not interested in the offer of a federal public information grant of \$405,000. The purpose of the federal grant designed to fund a project called "SSI Alert" is to inform approximately 150,000 newly eligible California elderly of social security supplemental insurance benefits available to them beginning January 1, 1974 upon application.

Failure to accept this grant by December 31, 1973, will result in the forfeiture of these funds. In our judgment, forfeiture of these funds will result in depriving California's low income elderly of pertinent information regarding income benefits to which they are entitled.

RECOMMENDATION

We recommend that the commission accept this \$405,000 public information grant prior to the December 31 deadline and use it for its intended purpose.



Harvey M. Rose
Auditor General

December 11, 1973

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